

July 22, 1997

Audit Committee Members:

Mr. Eugene K. Pettis
Mr. Frank Williamson, Jr.
Mr. Mitchell W. Berger
Mr. William E. Graham
Mr. Richard A. Machek
Ms. Barbara Markham, Ex Officio
Mr. James D. Yager, Ex Officio

Re: Follow-up on the Auditor
General's Report dated
October 29, 1996
Audit # 97-14

Enclosed is our follow-up audit of the implementation status of the recommendations that the Auditor General made in the Operational Audit of South Florida Water Management District dated October 29, 1996. Of the eight recommendations made, seven were deemed implemented and one was deemed partially implemented.

We will perform additional follow-up audit procedures on the recommendation deemed partially implemented at a later date. This follow-up report was prepared by Dan Sooker who is available to answer any questions that you may have regarding it.

Sincerely,

Allen Vann
Inspector General

Enclosure

c: Charles L. Lester, Auditor General
Samuel Poole, Executive Director
Michael Slayton, Deputy Director

South Florida Water Management District Office of Inspector General

Follow-up Audit

The Auditor General's Operational Audit of the South Florida Water Management District dated October 29, 1996

Background

In accordance with Section 20.055(g), F.S., the Office of Inspector General performed a follow-up of the implementation status of recommendations that the Auditor General made in the Operational Audit of the South Florida Water Management District dated October 29, 1996. The audit contained eight recommendations and covered the period from October 1, 1994 through September 30, 1995.

Management's initial response to the Auditor General's findings and recommendations, included in Exhibit E of the report, had areas of disagreement. In the interest of accountability and public trust, management reevaluated its initial response and agreed to implement six of the eight Auditor General recommendations and to develop an alternative approach that satisfies the recommendation's objective for the other two.

Objective Scope and Methodology

The purpose of performing a follow-up audit is to determine that agreed upon management action was taken and is achieving the desired results or that senior management or the Governing Board has assumed the risk of not taking appropriate action on reported findings. Follow-up audits assess the adequacy, effectiveness, and timeliness of action taken by management on reported findings. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective implementation and resolution.

Accordingly, we performed the following audit procedures:

- Discussed the current implementation status with the appropriate levels of management responsible for taking action.
- Evaluated the adequacy and effectiveness of the action taken by management.
- Assessed the adequacy of documentation supporting the action taken.
- Applied other follow-up audit procedures as deemed necessary under the circumstances.

Our review used the follow-up standards described below for assessing the extent of action taken by management, if any:

Implemented – Action has been taken to implement the recommendation or an alternative approach was taken that achieved the same objective.

Partially Implemented – Management is in process of implementing the recommendation or the recommendation's objective.

Not Implemented – No action has been taken to implement the recommendation.

Follow-up Observations by Recommendation

1. **Obtain Governing Board approval prior to implementing changes to District policies.**

Responsible Department: Management Services
Estimated Completion Date: January 1997

Status: Implemented

Management Action: Adopted a procedure to ensure that new policies and policy revisions are approved by the Governing Board.

2. **Review new hire verification and documentation procedures to ensure compliance with District policy.**

Responsible Department: Management Services
Estimated Completion Date: January 1997

Status: Implemented

Management Action: Management has established procedures to ensure that education and work experience is verified and salary justification for new external hires is documented in the personnel files.

3. **The District should monitor more closely expenditures and commitments to prevent over commitment of approved budgetary authority.**

Responsible Department: Office of Budget and Procurement
Estimated Completion Date: February 1997

Status: Implemented

Management Action: At the February 13, 1997, Governing Board meeting, the Budgetary and Financial Control Policy was approved. This policy improves controls to prevent over commitment of approved budgetary authority and establishes a financial structure that is consistent with Sections 373.536 and 200.065, F.S.

4. **Comply with Section 112.061(6)(b), F.S. for all District sponsored workshops and discontinue the practice of providing meals at these workshops and/or any expenditures contrary to this Section.**

Responsible Department: Management Services
Estimated Completion Date: June 1997

Status: Implemented

Management Action: Since the issuance of the Auditor General's report, management has discontinued the practice of providing meals, snacks and beverages to participants at District sponsored workshops. Reimbursement of participant expenditures for meals is required to comply with Section 112.061, F. S.

The District amended Guideline 6.11500, Attendance at and Expenditures for Public Meetings, Staff Meetings and Events for these changes.

5. **Revise District policies and procedures to comply with Section 112.061(13), F.S. that limits direct payments to vendors for lodging to emergency travel only.**

Responsible Department: Management Services
Estimated Completion Date: January 1997

Status: Implemented

Management Action: The District travel policy disallows direct payments to vendors for lodging except in emergencies. Management has informed employees and other travelers conducting District business of this policy provision.

6. **Develop a policy on personal usage of long distance telephone service and evaluate whether technology can further enhance controls over long distance telephone service.**

Responsible Department: Office of Enterprise
Engineering

Estimated Completion Date: December 1997

Status: Partially implemented

Management Action: The District has developed guidelines for cellular telephone usage. To strengthen controls over all telephone usage and incorporate the tenets of the cellular telephone usage guidelines into one policy, management is drafting a telecommunications policy which will communicate to employees appropriate telephone usage and outline the expected recourse for documented misuse.

Management is in the process of evaluating whether controls over long-distance telephone usage can be further enhanced through technology rather than maintaining telephone logs which is very labor-intensive. The District is examining the capacity of the current telephone system to allow its telecommunications administrator to identify abuses and audit the system's database for employee telephone usage. Concurrently, management is also considering the purchase of a new telephone system. A new telephone system is likely to contain the functionality to allow greater and more detailed examination of the telephone usage database. This will allow the administrator to more readily identify abuses, if any, in telephone usage.

7. **Prepare a cost comparison for all flights involving the District's fixed wing aircraft.**

Responsible Department: Management Services
Estimated Completion Date: January 1997

Status: Implemented

Management Action: A cost comparison and justification is performed for all flights involving the District's fixed wing aircraft.

8. **Review employee award procedures to ensure that the District's award program is consistent with Section 373.604, F.S.**

Responsible Department: Management Services
Estimated Completion Date: October 1997

Status: Implemented

Management Action: Management has discontinued the Timer Powers award program effective fiscal year 1998.